

(B) During the period when both current shipment prices and forward shipment prices are available for the growths quoted for "coarse count" cotton, C.I.F. northern Europe, the result calculated by the following procedure: Beginning with the first week covering the period Friday through Thursday including April 15 or, if both the average of the current shipment prices for the preceding Friday through Thursday for the three lowest-priced growths of the growths quoted for "coarse count" cotton, C.I.F. northern Europe (NECCc), and the average of the forward shipment prices for the preceding Friday through Thursday for the three lowest-priced growths of the growths quoted for "coarse count" cotton, C.I.F. northern Europe (NECCf), are not available during that period, beginning with the first week covering the period Friday through Thursday after the week including April 15 in which both the Northern Europe coarse count current price and the Northern Europe coarse count forward price are available:

(1) Weeks 1 and 2: $(2 \times \text{NECCc}) + \text{NECCf}/3$;

(2) Weeks 3 and 4: $(\text{NECCc} + \text{NECCf})/2$;

(3) Weeks 5 and 6: $(\text{NECCc} + (2 \times \text{NECCf}))/3$; and

(4) Week 7 through July 31: The NECCf, minus:

(ii) The difference between the applicable loan rate for an upland cotton crop for M $1\frac{3}{32}$ inch, leaf 3, (micronaire 3.5 through 3.6 and 4.3 through 4.9, strength 25.5 through 29.4 grams per tex, length uniformity 80 through 82 percent) cotton and the loan rate for an upland cotton crop for SLM $1\frac{1}{16}$ inch, leaf 4, (micronaire 3.5 through 3.6 and 4.3 through 4.9, strength 25.5 through 29.4 grams per tex, length uniformity 80 through 82 percent) cotton.

(iii) The result of the calculation as determined under this paragraph shall hereinafter be referred to as the "Northern Europe coarse count price."

(3) Regarding the determination of the Northern Europe coarse count price under paragraph (f)(2)(i) of this section:

(i) If no quotes are available for one or more days of the 5-day period, the available quotes will be used;

(ii) If quotes for three growths are not available for any day in the 5-day period, that day will not be considered; and

(iii) If quotes for three growths are not available for at least 3 days in the 5-day period, that week will not be considered, in which case the adjustment determined under paragraph (f)(2) of this section for the latest available week will continue to be applicable.

(g) If the 6-week transition period from using current shipment prices to using forward shipment prices in the determination of the NE under paragraph (a)(2) of this section, and the Northern Europe coarse count price under paragraph (f)(2)(i)(B) of this section do not begin at the same time, CCC shall use either current shipment prices, forward shipment prices, or any combination thereof to determine the NE and/or the Northern Europe coarse count price used in the determination of the adjustment for upland cotton under paragraph (f)(1) of this section and determined under paragraph (f)(2) of this section to prevent distortions in such adjustment.

(h) The AWP determined under paragraph (c) of this section, shall be subject to further adjustments to a value no less than zero, as CCC determines, based upon the Schedule of Premiums and Discounts and the location differentials applicable to each warehouse location as announced under the loan program for an upland cotton crop.

Subpart B [Reserved]

Subpart C—Upland Cotton User Marketing Certificates

SOURCE: 67 FR 64459, Oct. 18, 2002, unless otherwise noted.

§ 1427.100 Applicability.

(a) Regulations in this subpart are applicable during the period beginning August 1, 1991, and ending July 31, 2008. These regulations set forth the terms and conditions under which CCC shall make payments, in the form of commodity certificates or cash, to eligible

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domestic users and exporters of upland cotton who entered into an Upland Cotton Domestic User/Exporter Agreement with CCC to participate in the upland cotton user marketing certificate program under section 1207 of the Farm Security and Rural Investment Act of 2002.

(b) During the period beginning August 1, 1991, and ending July 31, 2008, CCC shall issue marketing certificates or cash payments to domestic users and exporters under this subpart in a week following a consecutive 4-week period in which:

(1) The Friday through Thursday average price quotation for the lowest-priced United States growth, as quoted for Middling one and three thirty-seconds inch (M $1\frac{3}{32}$ inch) cotton, delivered C.I.F. (cost, insurance and freight) northern Europe, (U.S. Northern Europe (USNE) price) exceeds the Friday through Thursday average price quotation for the five lowest-priced growths, as quoted for M $1\frac{3}{32}$ -inch cotton, delivered C.I.F. northern Europe, (Northern Europe (NE) price) by:

(i) During the period beginning May 15, 2002, and ending July 31, 2006, more than zero; and

(ii) During the period beginning August 1, 2006, and ending July 31, 2008, more than 1.25 cents per pound;

(2) The adjusted world price (AWP) for upland cotton, determined under § 1427.25, does not exceed 134 percent of the crop loan level for upland cotton.

(c) Additional terms and conditions are in the Upland Cotton Domestic User/Exporter Agreement which the domestic user or exporter must execute in order to receive such payments.

(d) CCC shall prescribe forms used in administering the upland cotton user marketing certificate program.

§§ 1427.101–1427.102 [Reserved]

§ 1427.103 Eligible upland cotton.

(a) For purposes of this subpart, eligible upland cotton is domestically produced baled upland cotton which bale is opened by an eligible domestic user on or after August 1, 1991, and on or before July 31, 2008, or exported by an eligible exporter on or after July 18, 1996, and on or before July 31, 2008, dur-

ing a Friday through Thursday period in which a payment rate, determined under § 1427.107, is in effect and which meets the requirements of paragraphs (b) and (c) of this section.

(b) Eligible upland cotton must be either:

(1) Baled lint, including baled lint classified by USDA's Agricultural Marketing Service as Below Grade;

(2) Loose;

(3) Semi-processed motes which are of a quality suitable, without further processing, for spinning, papermaking or bleaching;

(4) Re-ginned (processed) motes.

(c) Eligible upland cotton must not be:

(1) Cotton for which a payment, under the provisions of this subpart, has been made available;

(2) Imported cotton;

(3) Raw (unprocessed) motes; or

(4) Textile mill wastes.

§ 1427.104 Eligible domestic users and exporters.

(a) For purposes of this subpart, the following persons shall be considered eligible domestic users and exporters of upland cotton:

(1) A person regularly engaged in the business of opening bales of eligible upland cotton for the purpose of manufacturing such cotton into cotton products in the United States (domestic user), who has entered into an agreement with CCC to participate in the upland cotton user marketing certificate program; or

(2) A person, including a producer or a cooperative marketing association approved under part 1425 of this chapter, regularly engaged in selling eligible upland cotton for exportation from the United States (exporter), who has entered into an agreement with CCC to participate in the upland cotton user marketing certificate program.

(b) Applications for payment under this subpart must contain documentation required by the provisions of the Upland Cotton Domestic User/Exporter Agreement and instructions CCC issues.